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June 3, 2004

VIA ELECTRONIC SUBMISSION

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW – Lobby Level
Washington, D.C. 20554

Re: ***CC Docket No. 99-200, Number Resource Optimization (NRO)***

Dear Ms. Dortch:

On May 28, 2004, SBC Communications, Inc. sent the attached Request for Special Temporary Authority (STA) from the Wireline Competition Bureau via electronic mail and first class mail to William Maher, Chief of the Wireline Competition Bureau.

I ask that this letter be placed in the files for the proceeding identified above. Should you have any questions or require any additional information, please do not hesitate to contact me.

Sincerely,

/s/ Gary L. Phillips

cc *(via electronic mail)*:
William Maher

Gary L. Phillips
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May 28, 2004

VIA ELECTRONIC SUBMISSION

Mr. William F. Maher, Jr.
Chief, Wireline Competition Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Mr. Maher,

I am writing to request Special Temporary Authority (STA) from the Wireline Competition Bureau to allow SBC IP Communications, Inc. (SBCIP)[1] to obtain numbering resources directly from the North American Numbering Plan Administrator (NANPA) and/or the Pooling Administrator (PA) for use in a limited, non-commercial trial of Voice over Internet Protocol (VoIP) services. The proposed trial would be narrowly tailored to avoid implicating any potential numbering depletion concerns. The trial would utilize no more than ten thousand NANP numbers, it would last no more than nine months, and it would involve only employees of the SBC companies. For the reasons discussed below, granting this STA would serve the public interest by enabling SBCIP to experiment with a more efficient means of interconnection between IP networks and the Public Switched Telephone Network (PSTN), potentially leading to the development of new and innovative VoIP services for American consumers.

Purpose of the Trial. Many VoIP services in the market today allow customers on a broadband IP network to call parties served by a carrier operating a time division multiplexed (TDM) network within the PSTN, and vice versa. In order for such calls to be possible, the VoIP provider must be able to assign a NANP telephone number to its customer; otherwise, a customer on the PSTN would have no way of dialing the VoIP customer. VoIP providers, however, are information service providers, which, as discussed below, are not eligible for direct assignment of NANP telephone numbers under the Commission's existing rules. Accordingly, in order to obtain NANP telephone numbers that can be assigned to their customers, VoIP providers often purchase a retail product from a competitive LEC (such as a Primary Rate Interface (PRI) ISDN line). Typically, the VoIP provider also uses this retail product to interconnect with the PSTN

[1] SBCIP is a subsidiary of SBC Communications Inc., that offers only unregulated information services. SBCIP's services are currently offered only to business customers.

so it can send and receive certain types of traffic between its network and the carrier networks.[2] In this arrangement the competitive LEC terminates the VoIP traffic on the PSTN or delivers the traffic to another carrier for termination on the PSTN.[3]

While this form of interconnection may allow the VoIP provider to obtain numbering resources (by purchasing a PRI) and interconnection with the PSTN, it may not be the most efficient or cost-effective means for a VoIP provider to send originating traffic to the PSTN because it requires separate interconnection, with potentially multiple end office switches, using access products that may be limited in terms of availability and scalability. In particular, a VoIP provider's ability to offer service may be limited by the locations, calling scopes, and installation schedules of the providers and products utilized to gain access to end-offices.[4]

Thus, in many ways, the current situation faced by VoIP providers seeking direct interconnection with the PSTN is analogous to the early days of the commercial wireless industry. Initially, many wireless carriers did not own their switches and instead relied on ILECs to perform switching functions for them. As a result, wireless carriers needed to interconnect with individual ILEC end offices to route traffic. This was known as "Type 1" interconnection.[5] As the wireless industry matured and wireless carriers began purchasing switches of their own, they sought more efficient means of interconnection with the PSTN, both at ILEC end offices and at ILEC tandem switches, which became known as "Type 2" interconnection.[6] In facilitating this latter form of interconnection, the Commission recognized that it may offer "superior technical capabilities and greater service quality,"[7] and may help wireless carriers to "minimize unnecessary duplication of switching facilities and the associated costs to the ultimate consumer."[8] The Commission further observed that Type 2 interconnection allows wireless

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[2] Many VoIP providers convert VoIP traffic from IP format to circuit-switched format before delivering that traffic to a LEC.

[3] When interexchange traffic is delivered to an incumbent LEC for termination on the PSTN, the incumbent LEC is entitled to receive access charges for that traffic under the Commission's current rules -- regardless of whether that traffic originated in IP format on a broadband network. VoIP providers, and the other carriers they partner with, are not permitted to send interexchange traffic to an incumbent LEC using PRI lines.

[4] For example, PRI lines are not available in all central office serving areas.

[5] *See The Need to Promote Competition and Efficient Use of Spectrum for Radio Common Carrier Services*, Report No. CL-379, Declaratory Ruling, 2 FCC Rcd 2910 ¶¶ 27-35 (1987) (*Wireless Declaratory Ruling*); *FCC Policy Statement on Interconnection of Cellular Systems*, attached as Appendix B to *The Need to Promote Competition and Efficient Use of Spectrum for Radio Common Carrier Services*, Memorandum Opinion and Order, 59 Rad. Reg. 2d (P&F) 1275, 1986 Lexis 3878 (1986) (*Wireless Policy Statement*).

[6] *Id*.

[7] *Wireless Declaratory Ruling* ¶ 27.

[8] *Wireless Policy Statement* ¶ 2 (citation omitted).

carriers to design their networks more efficiently and would further the Commission's "longstanding goal of bringing cellular service to the public as rapidly as possible."[9] At the same time, the Commission recognized that wireless providers also needed efficient access to numbering resources, which were not "owned" by the ILECs (or CLECs today),[10] but are instead a "public resource."[11] The Commission concluded that wireless carriers, just like the ILECs, were "entitled to reasonable accommodation of their numbering requirements."[12]

Much like the wireless industry's early efforts to evolve from Type 1 to Type 2 interconnection, SBCIP's trial is intended to develop a more efficient means for VoIP providers to interconnect with the PSTN. By interconnecting with the PSTN on a trunk-side basis, at a centralized switching location, e.g., a tandem switch, SBCIP believes it can more efficiently utilize its softswitch and gateways[13] to develop services that overcome the availability and scalability limitations inherent in the current methods of line-side interconnection to end office switches.[14] To validate this proposition, SBCIP proposes to conduct a nine-month, non-commercial VoIP trial in no more than ten rate centers, with immediate deployment in four rate centers (in Los Angeles, Detroit, New York City, and Dallas). Only employees of SBC companies would participate in this trial and they would obtain the service at their business locations.[15] The trial will be limited to no more than ten thousand NANP numbers, which will be used for testing call processing for the employees engaged in the trial (simulating end user customers).

Request for STA. Because SBCIP does not plan to use PRI lines for this trial, however,[16] SBCIP will need to obtain numbering resources directly from NANPA / PA. Specifically, SBCIP would require the ability to obtain telephone numbers in each of the relevant rate centers as well as a Local Number Portability (LNP) Location Routing Number (LRN) for each LATA

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9 *Wireless Declaratory Ruling* ¶¶ 29, 33.

10 *Wireless Policy Statement* ¶ 4.

11 *See Administration of the North American Numbering Plan*, CC Docket No. 92-237, Report and Order, 11 FCC Rcd 2588, 2591 (1995).

12 *Wireless Policy Statement* ¶ 4.

13 A "gateway" or "media gateway" is a device that can receive circuit switched, TDM traffic and packetize it and deliver it to an IP-based network. A media gateway can be combined with, or separate from, a softswitch, which routes packetized traffic on the IP-based network.

14 For purposes of the trial, SBCIP will purchase connections to the tandem (*e.g.*, Feature Group D access) from the LEC. These connections, however, do not include numbering resources.

15 Although this trial will test our proposed network for efficiency and scalability for purposes of developing a commercial product, SBCIP is limiting it to employees' business locations to maintain a smaller, more manageable number of rate centers for the trial.

16 *See supra* note 14.

encompassed in the trial. SBCIP would utilize those numbers consistent with Commission rules and numbering requirements set forth by industry guidelines.[17]

Under existing Commission rules, however, SBCIP cannot obtain numbering resources directly from NANPA because those rules require that numbers be assigned only to certificated carriers.[18] Specifically, the Commission has interpreted its rules as requiring "carriers [to] provide, as part of their applications for initial numbering resources, evidence (*e.g.*, state commission order or state certificate to operate as a carrier) demonstrating that they are licensed and/or certified to provide service in the area in which they seek numbering resource[s]."19 SBCIP provides an information service to end-users and, as an information service provider, is not required to obtain state certification to provide telecommunications services. By granting SBCIP's STA request, however, the Bureau could authorize SBCIP to obtain numbering resources directly from NANPA / PA without obtaining carrier certification

The standard for granting an STA request is whether the proposed action "will serve the public interest, convenience and necessity."[20] The Common Carrier Bureau has previously granted STA requests to, among other things, allow service providers to "engage in limited advanced services trials to gain experience in operating next-generation networks."[21] In May

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[17] SBCIP notes that some numbering requirements may not be particularly applicable in the context of the trial we propose, and the Bureau may choose not to apply them to SBCIP for the purposes of this trial. *See* 47 C.F.R. §§ 52.15(f)(4) (forecasts), (5) (utilization), (6) (reporting frequency), 52.15(g)(3)(i) (months-to-exhaust and utilization reporting for growth numbering resources). SBCIP will, of course, comply with whichever of these requirements the Bureau deems necessary.

[18] *See* 47 C.F.R. § 52.15(g)(2)(i).

[19] *Numbering Resource Optimization*, CC Docket No. 99-200, Report and Order and Further Notice of Proposed Rulemaking, 15 FCC Rcd 7574, 7613 ¶ 97 (2000).

[20] *See Application of GTE, Transferor, and Bell Atlantic Corporation, Transferee, for Consent to Transfer Control of Domestic and International Section 214 and 310 Authorizations and Applications to Transfer Control of a Submarine Cable Landing License*, CC Docket No. 98-184, Order, 16 FCC Rcd 15,957 ¶ 3 (Policy and Program Planning Division 2001) (granting Verizon and its advanced services affiliate Special Temporary Authority to offer xDSL service for resale over resold lines prior to the scheduled sunset of the advanced services affiliate requirement contained in the Bell Atlantic-GTE Merger Order.). *See also* 47 U.S.C. § 154(i) ("The Commission may perform any and all acts, make such rules and regulations, and issue such orders, not inconsistent with this Act, as may be necessary in the execution of its functions); 47 U.S.C. § 303(r) ("[T]he Commission from time to time, as [the] public convenience, interest, or necessity requires shall . . . Make such rules and regulations and prescribe such restrictions and conditions, not inconsistent with law, as may be necessary to carry out the provisions of this Act . . . .").

[21] *Application of GTE, Transferor, and Bell Atlantic Corporation, Transferee, for Consent to Transfer Control of Domestic and International Section 214 and 310 Authorizations and Applications to Transfer Control of a Submarine Cable Landing License*, CC Docket No. 98-184, Order, 16 FCC Rcd 11,810 ¶ 4 (Common Carrier Bureau 2001) (*Verizon Fiber STA Order*). *See also* Letter from James Schlichting, FCC, to Marie Breslin, Bell Atlantic Network Services, Inc., File No. W-P-C 6834, 1994

2001, for example, the Common Carrier Bureau granted an STA request that allowed Verizon to "own and operate advanced services equipment, to the extent necessary to build and deploy a fiber-to-the-home network" before the sunset of the advanced services affiliate requirement in the Bell Atlantic / GTE Merger Order.[22] The Bureau recognized that doing so would further the Commission's goal to "foster innovation, speed the delivery of advanced services, and allow incumbents the opportunity to predict operational difficulties that may arise when a new network technology is deployed on a larger scale."[23]

Likewise, granting SBCIP an STA to obtain numbering resources directly from NANPA / PA will further that same goal. It will allow SBCIP to test the interoperability of an IP network with the PSTN via direct tandem interconnection, which, if successful, may allow SBCIP to develop innovative, new VoIP services.

Moreover, by granting this STA request and allowing SBCIP to perform this limited trial, the Bureau will in no way be prejudging the outcome of any issues raised in the pending *IP-Enabled Services* rulemaking.[24] In that rulemaking, the Commission is seeking comment, among other things, on "whether any action relating to numbering resources is desirable to facilitate or at least not impeded the growth of IP-enabled services, while at the same time continuing to maximize the use and life of numbering resources in the North American Numbering Plan."[25] While the Commission may ultimately decide that changes to its numbering rules are warranted to help facilitate the growth of IP-enabled services, such as VoIP, the grant of an STA request is not a permanent rule change, but a *temporary* grant of authority -- only nine months in this case -- that in no way limits the Commission's ability to take whatever action it deems appropriate in the *IP-Enabled Services* rulemaking.

For all of these reasons, we request that the Bureau promptly grant SBCIP's STA request and authorize SBCIP to obtain numbering resources directly from NANPA / PA for the purpose of conducting the limited trial discussed above. Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,

/s/Gary Phillips

FCC LEXIS 4938, (Policy and Program Planning Division Sept. 23, 1994) (granting Special Temporary Authority to extend a technical trial of video dialtone service).

[22] *Verizon Fiber STA Order* ¶ 5.

[23] *Id*. ¶ 4.

[24] *IP-Enabled Services*, WC Docket No. 04-36, Notice of Proposed Rulemaking, 19 FCC Rcd 4863 (2004)

[25] *Id*. ¶ 76.